

PAVILION REAL ESTATE INVESTMENT TRUST
FINANCIAL REPORT FOR THE QUARTER ENDED 30 SEPTEMBER 2024 (UNAUDITED)

CONDENSED STATEMENT OF FINANCIAL POSITION

	As at 30 September 2024 (Unaudited) RM'000	As at 31 December 2023 (Audited) RM'000
ASSETS		
Plant and equipment	2,400	2,973
Investment properties	8,390,052	8,390,000
Total non-current assets	<u>8,392,452</u>	<u>8,392,973</u>
Inventories	5,711	3,907
Trade and other receivables	74,827	55,186
Pledged deposits with licensed banks	96,713	90,922
Cash and cash equivalents	369,864	455,501
Total current assets	<u>547,115</u>	<u>605,516</u>
TOTAL ASSETS	8,939,567	8,998,489
LIABILITIES		
Borrowings	3,312,214	3,290,949
Payables and accruals	92,525	84,448
Total non-current liabilities	<u>3,404,739</u>	<u>3,375,397</u>
Borrowings	80,000	100,000
Payables and accruals	617,058	591,626
Total current liabilities	<u>697,058</u>	<u>691,626</u>
TOTAL LIABILITIES	4,101,797	4,067,023
NET ASSET VALUE	<u>4,837,770</u>	<u>4,931,466</u>
FINANCED BY		
UNITHOLDERS' FUND		
Unitholders' capital	3,673,129	3,662,387
Accumulated income	1,164,641	1,269,079
TOTAL UNITHOLDERS' FUND	<u>4,837,770</u>	<u>4,931,466</u>
Number of units in circulation ('000 units)	3,660,689	3,652,338
Net asset value per unit (RM)		
- Before income distribution	1.3215	1.3502
- After income distribution*	1.2977	1.3042

*after distributable income of 2.38 sen per unit (2023: after final income distribution of 4.60 sen per unit).

The unaudited condensed statement of financial position should be read in conjunction with the Audited Financial Report for the year ended 31 December 2023 and the accompanying explanatory notes attached to the interim financial statements.

PAVILION REAL ESTATE INVESTMENT TRUST
FINANCIAL REPORT FOR THE QUARTER ENDED 30 SEPTEMBER 2024 (UNAUDITED)

CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Current Quarter		Year to Date	
	30 September		30 September	
	2024 (Unaudited) RM'000	2023 (Unaudited) RM'000	2024 (Unaudited) RM'000	2023 (Unaudited) RM'000
Rental income	187,245	179,470	571,862	468,839
Revenue from contract customers	11,233	12,467	30,243	30,890
Other income	8,781	7,275	24,971	15,860
GROSS REVENUE	207,259	199,212	627,076	515,589
Utilities	(26,552)	(24,455)	(76,722)	(57,669)
Maintenance	(27,854)	(24,590)	(85,391)	(59,862)
Property taxes	(5,878)	(5,804)	(17,594)	(14,469)
Other operating expenses	(15,119)	(23,009)	(59,460)	(59,122)
PROPERTY OPERATING EXPENSES	(75,403)	(77,858)	(239,167)	(191,122)
NET PROPERTY INCOME	131,856	121,354	387,909	324,467
Interest income	3,911	3,017	11,269	8,209
Net fair value changes on investment properties	-	-	-	-
NET INVESTMENT INCOME	135,767	124,371	399,178	332,676
Manager's management fee	(10,606)	(10,298)	(31,715)	(26,510)
Trustee's fee	(141)	(141)	(419)	(388)
Other trust expenses	(356)	(453)	(1,231)	(1,498)
Borrowings cost	(45,723)	(42,894)	(136,589)	(100,751)
TOTAL TRUST EXPENDITURE	(56,826)	(53,786)	(169,954)	(129,147)
INCOME BEFORE TAXATION	78,941	70,585	229,224	203,529
Taxation	-	-	-	-
INCOME AFTER TAXATION / TOTAL COMPREHENSIVE INCOME	78,941	70,585	229,224	203,529
Income after taxation comprises the followings:-				
Realised	78,941	70,585	229,224	203,529
Unrealised	-	-	-	-
	78,941	70,585	229,224	203,529
Earnings per unit – basic (sen) #	2.16	1.91	6.27	6.13
Earnings per unit – diluted (sen) #	2.16	1.91	6.27	6.13

The unaudited condensed statement of profit or loss and other comprehensive income should be read in conjunction with the Audited Financial Report for the year ended 31 December 2023 and the accompanying explanatory notes attached to the interim financial statements.

Earnings per unit is derived based on income after taxation divided by the weighted average number of units in issue.

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	Current Quarter 30 September		Year to Date 30 September	
	2024	2023	2024	2023
	(Unaudited) RM'000	(Unaudited) RM'000	(Unaudited) RM'000	(Unaudited) RM'000
Total comprehensive income for the period ¹	78,941	70,585	229,224	203,529
Distribution adjustments ²	8,018	7,727	23,501	14,181
Distributable income	86,959	78,312	252,725	217,710

¹ Total comprehensive income is derived after charging:-

	Current Quarter 30 September		Year to Date 30 September	
	2024	2023	2024	2023
	(Unaudited) RM'000	(Unaudited) RM'000	(Unaudited) RM'000	(Unaudited) RM'000
Depreciation	196	227	590	420
(Write back of)/Impairment loss on trade receivables	(3,359)	2,552	165	8,486

Other than the above, items listed under Appendix 9B Note 16 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad are not applicable.

² Included in the distribution adjustments are the followings:-

	Current Quarter 30 September		Year to Date 30 September	
	2024	2023	2024	2023
	(Unaudited) RM'000	(Unaudited) RM'000	(Unaudited) RM'000	(Unaudited) RM'000
Amortisation of borrowing transaction costs	644	604	1,885	1,401
Depreciation	196	227	590	420
Accounting adjustment on interest - Present Value	4,526	4,322	13,097	5,732
Manager's management fee payable in units	2,652	2,574	7,929	6,628
	8,018	7,727	23,501	14,181

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CONDENSED STATEMENT OF CHANGES IN NET ASSET VALUE

	Unitholders' Capital	Income / (Deficit)	Total Funds
	RM'000	RM'000	RM'000
As at 1 January 2023	2,952,256	1,107,751	4,060,007
Total comprehensive income for the period	-	203,529	203,529
Unitholders' transactions			
- Issue of new units ³			
- Manager's management fee paid in units	7,978	-	7,978
- Funding for the acquisition of investment property	720,000	-	720,000
- Expenses incurred for placement exercise	(17,847)	-	(17,847)
- Distribution to unitholders	-	(270,467)	(270,467)
Increase/(Decrease) in net assets resulting from unitholders' transactions	710,131	(270,467)	439,664
As at 30 September 2023 (unaudited)	3,662,387	1,040,813	4,703,200
As at 1 January 2024	3,662,387	1,269,079	4,931,466
Total comprehensive income for the period	-	229,224	229,224
Unitholders' transactions			
- Issue of new units ³			
- Manager's management fee paid in units	10,705	-	10,705
- Expenses incurred for placement exercise	37	-	37
- Distribution to unitholders	-	(333,662)	(333,662)
Increase/(Decrease) in net assets resulting from unitholders' transactions	10,742	(333,662)	(322,920)
As at 30 September 2024 (unaudited)	3,673,129	1,164,641	4,837,770

The unaudited condensed statement of changes in net asset value should be read in conjunction with the Audited Financial Report for the year ended 31 December 2023 and the accompanying explanatory notes attached to the interim financial statements.

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³ Issue of new units consists of the following:-

	30 September 2023	
	Units '000	Amount RM'000
Issuance of new units pursuant to 25% Manager's management fees paid in units :-		
- at RM1.2934 per unit for entitlement for the 6 months period ended 31 December 2022	3,034	3,925
- at RM1.1859 per unit for entitlement for the 6 months period ended 30 June 2023	3,418	4,053
Total Manager's fees paid	6,452	7,978
Issuance of new units at RM1.2200 per unit to fund the acquisition of new investment property on 1 June 2023	590,164	720,000
	596,616	727,978

	30 September 2024	
	Units '000	Amount RM'000
Issuance of new units pursuant to 25% Manager's management fees paid in units :-		
- at RM1.2035 per unit for entitlement for the 6 months period ended 31 December 2023	4,510	5,428
- at RM1.3740 per unit for entitlement for the 6 months period ended 30 June 2024	3,841	5,277
Total Manager's fees paid	8,351	10,705

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CONDENSED STATEMENT OF CASH FLOWS

	Current Year to Date 30 September 2024 RM'000	Preceding Year to Date 30 September 2023 RM'000
Cash Flows From Operating Activities		
Income before taxation	229,224	203,529
<i>Adjustments for :-</i>		
Borrowing cost	136,589	100,751
Interest income	(11,269)	(8,209)
Depreciation	590	420
Gain on disposal of plant and equipment	-	(1)
Impairment loss on trade receivables	165	8,486
Operating income before changes in working capital	355,299	304,976
Inventories	(1,804)	(542)
Trade and other receivables	(19,806)	(29,542)
Trade and other payables	19,304	22,769
Tenants' deposits	11,813	39,685
Net cash from operating activities	364,806	337,346
Cash Flow from Investing Activities		
Acquisition of investment property	-	(1,677,775)
Interest received	11,269	8,209
Payment for enhancement of investment properties	(52)	(5,680)
Pledged deposit	(5,791)	(26,725)
Purchase of plant and equipment	(17)	(2,995)
Proceed from disposal of plant and equipment	-	1
Net cash from/(used in) investing activities	5,409	(1,704,965)
Cash Flow from Financing Activities		
Distribution to unitholders	(333,662)	(270,467)
Interest paid	(121,607)	(93,617)
Payment of financing expenses	(620)	(5,064)
Write back of placement expenses	37	(17,847)
Proceeds from issue of units	-	720,000
Proceeds from borrowings	100,000	1,925,000
Repayment of borrowings	(100,000)	(895,000)
Net cash (used in)/from financing activities	(455,852)	1,363,005
Net decrease in cash and cash equivalents	(85,637)	(4,614)
Cash and cash equivalents as at the beginning of the year	455,501	332,915
Cash and cash equivalents as at the end of the period	369,864	328,301

The unaudited condensed statement of cash flows should be read in conjunction with the Audited Financial Report for the year ended 31 December 2023 and the accompanying explanatory notes attached to the interim financial statements.

PAVILION REAL ESTATE INVESTMENT TRUST
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Part A – Disclosure Requirement Pursuant to Malaysian Financial Reporting Standard (MFRS) 134 and International Accounting Standard (IAS) 34

A1 Basis of Preparation

The condensed interim financial statements as at and for the period ended 30 September 2024 comprise Pavilion REIT and its subsidiaries. The unaudited interim financial statements have been prepared in accordance with MFRS 134, *Interim Financial Reporting* in Malaysia and with IAS 34, *Interim Financial Reporting*, and Paragraph 9.44 of the Listing Requirements of Bursa Securities, provision of the First Amended and Restated Trust Deed dated 18 February 2019 (“the Trust Deed”), the Securities Commission’s Guidelines on Real Estate Investment Trusts (“the REITs Guidelines”) and the accounting standards, amendments and interpretations where applicable to Pavilion REIT that are effective for annual periods beginning on or after 1 January 2024. They do not include all of the information required for a full set of annual financial statements, and should be read in conjunction with the Audited Financial Report for the year ended 31 December 2023 and the accompanying explanatory notes attached to the interim financial statements.

A2 Audit Report of Preceding Financial Year

There was no qualification to the Pavilion REIT’s audit report for the preceding financial year ended 31 December 2023, which was prepared in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards.

A3 Significant accounting policies

The accounting policies applied in these condensed interim financial statements are the same as those applied in its consolidated annual financial statements as at and for the year ended 31 December 2023.

A4 Estimates

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that may affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

In preparing these condensed interim financial statements, the significant judgements made by the Manager in applying the accounting policies and the key sources of estimation were the same as those that were applied to the financial statements as at and for the year ended 31 December 2023, except as disclosed below.

The accounting policy of investment properties as adopted by Pavilion REIT requires investments properties to be stated at fair value. In estimating the fair value of the investment properties, the Manager will rely on professionally qualified valuers at annual reporting dates. However, for interim financial reporting, the fair values of the investment properties are not updated. Asset improvement initiatives undertaken by the management, the economic environment and other factors may change the fair values of the investment properties. When the fair values are updated as at 31 December 2024, the fair values could be materially different from the current carrying value.

A5 Seasonality or Cyclicity of Operations

The business operations of Pavilion REIT are not affected by material seasonal or cyclical factors.

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A6 Exceptional or Unusual Item

There were no exceptional or unusual items to be disclosed for the quarter under review.

A7 Changes in Estimates

There were no changes in estimates that have had material effect in the current quarter.

A8 Debt and Equity Securities

There were no issuance, cancellation, repurchase, sale and payment of debt and equity securities for the current quarter and year to date except for payment of 25% Manager's management fee paid in Pavilion REIT units, with details as disclosed below.

Units issued	Price per Unit	Listed on Main Market of Bursa Securities on	Remark
4,510,211	RM1.2035	15 February 2024	Based on the 5-day volume weighted average price of the units up to but excluding 24 January 2024 (as management fee)
3,840,701	RM1.3740	5 August 2024	Based on the 5-day volume weighted average price of the units up to but excluding 17 July 2024 (as management fee)

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A9 Segmental Reporting

Segmental results for the period ended 30 September 2024 was as follows:-

Business Segment	Retail RM'000	Office RM'000	Total RM'000
Gross Revenue	619,947	7,129	627,076
Net Property Income	386,378	1,531	387,909
Interest Income			11,269
Net Fair Value Changes on Investment Properties			-
Net Investment Income			399,178
Trust Expenses			(33,365)
Borrowings Cost			(136,589)
Income Before Taxation			229,224
Taxation			-
Income After Taxation			229,224
Segment assets	8,711,291	131,563	8,842,854
Other non-allocated assets			96,713
			8,939,567
Segment liabilities	4,069,557	32,053	4,101,610
Other non-allocated liabilities			187
			4,101,797

A10 Valuation of Investment Properties

The investment properties are to be valued annually based on valuation by independent registered valuer. Any differences between the valuation and the book value of the respective investment properties are charged or credited to the profit or loss for the period in which they arise. For investment properties acquired under equity-settled share-based payment transactions, the investment properties are initially measured at fair value, with corresponding increase in equity.

A11 Material Events Subsequent to Period End

There were no material events subsequent to the end of the reporting quarter that require disclosure or adjustments to the unaudited interim financial statement.

A12 Changes in the Composition of Pavilion REIT

The movement to the composition of Pavilion REIT during the period is as follows:-

	Units
Balance as at 1 January 2024	3,652,338,101
Units issued as payment of Manager's management fees	8,350,912
Total units issued	<u>3,660,689,013</u>

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A13 Contingent Liabilities or Contingent Assets

There were no contingent liabilities or contingent assets to be disclosed during the quarter under review.

A14 Capital Commitments

	RM'000
Authorised and contract for:	
- Within one year	1,831

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Part B – Additional Information Pursuant to Paragraph 9.44 of the Main Market Listing Requirements of the Bursa Malaysia Securities Berhad

B1 Review of Performance

	Current Quarter		Year to Date	
	30 Sep		30 Sep	
	2024 (Unaudited) RM'000	2023 (Unaudited) RM'000	2024 (Unaudited) RM'000	2023 (Unaudited) RM'000
Gross Revenue				
Retail:				
Pavilion Kuala Lumpur Mall	124,274	122,940	382,794	366,768
Pavilion Bukit Jalil	53,021	45,012	154,774	59,269
Intermark Mall	7,214	6,420	21,149	18,921
DA MEN Mall	2,201	3,506	9,274	10,402
Elite Pavilion Mall	18,275	19,227	51,956	53,663
	<u>204,985</u>	<u>197,105</u>	<u>619,947</u>	<u>509,023</u>
Office:				
Pavilion Tower	2,274	2,107	7,129	6,566
	<u>207,259</u>	<u>199,212</u>	<u>627,076</u>	<u>515,589</u>
Total Gross Revenue				
Property Operating Expenses				
Retail:				
Pavilion Kuala Lumpur Mall	30,825	37,333	108,518	107,449
Pavilion Bukit Jalil	27,685	22,865	77,005	29,835
Intermark Mall	3,835	3,659	12,203	10,895
DA MEN Mall	4,057	5,487	14,960	17,129
Elite Pavilion Mall	6,969	6,911	20,883	21,179
	<u>73,371</u>	<u>76,255</u>	<u>233,569</u>	<u>186,487</u>
Office:				
Pavilion Tower	2,032	1,603	5,598	4,635
	<u>75,403</u>	<u>77,858</u>	<u>239,167</u>	<u>191,122</u>
Total Property Operating Expenses				
Net Property Income				
Retail:				
Pavilion Kuala Lumpur Mall	93,449	85,607	274,276	259,319
Pavilion Bukit Jalil	25,336	22,147	77,769	29,434
Intermark Mall	3,379	2,761	8,946	8,026
DA MEN Mall	(1,856)	(1,981)	(5,686)	(6,727)
Elite Pavilion Mall	11,306	12,316	31,073	32,484
	<u>131,614</u>	<u>120,850</u>	<u>386,378</u>	<u>322,536</u>
Office:				
Pavilion Tower	242	504	1,531	1,931
	<u>131,856</u>	<u>121,354</u>	<u>387,909</u>	<u>324,467</u>
Total Net Property Income				

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	Current Quarter		Year to Date	
	30 Sep		30 Sep	
	2024 (Unaudited) RM'000	2023 (Unaudited) RM'000	2024 (Unaudited) RM'000	2023 (Unaudited) RM'000
Total Net Property Income	131,856	121,354	387,909	324,467
Interest Income	3,911	3,017	11,269	8,209
Net Investment Income	<u>135,767</u>	<u>124,371</u>	<u>399,178</u>	<u>332,676</u>
Manager's Management Fee	10,606	10,298	31,715	26,510
Other Trust Expenses	497	594	1,650	1,886
Borrowings Cost	<u>45,723</u>	<u>42,894</u>	<u>136,589</u>	<u>100,751</u>
Total Trust Expenses	56,826	53,786	169,954	129,147
Income Before Taxation	78,941	70,585	229,224	203,529
Taxation	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Income After Taxation	78,941	70,585	229,224	203,529
Distribution Adjustments	<u>8,018</u>	<u>7,727</u>	<u>23,501</u>	<u>14,181</u>
Distributable Income	<u><u>86,959</u></u>	<u><u>78,312</u></u>	<u><u>252,725</u></u>	<u><u>217,710</u></u>

Quarterly Results

Pavilion REIT recognised total gross revenue of RM207.3 million in Q3 2024, an increase of RM8.0 million or 4% as compared to Q3 2023 of RM199.2 million. The increase was mainly contributed by higher rental income and income from marketing event and exhibition centre from Pavilion Bukit Jalil.

Total property operating expenses were lower by RM2.5 million or 3% as compared to Q3 2023 mainly due to reversal of doubtful debts provision offset by higher maintenance cost from Pavilion Bukit Jalil after the defect liability period. Higher utilities cost was mainly due to additional consumption as a result of the hot weather and subscription of green electricity tariff from Tenaga Nasional Berhad.

These have resulted in higher net property income by RM10.5 million or 9% in Q3 2024 as compared to Q3 2023.

Higher manager's management fee by RM0.3 million was in line with the increased in total asset value and net property income. Borrowing cost increased by RM2.8 million due to the drawdown of additional borrowings for acquisition of investment property.

These have resulted in income before taxation being higher by RM8.4 million or 12% as compared to Q3 2023.

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Distributable income for the quarter under review was RM86.9 million or 2.38 sen per unit, consisting of income after tax of RM78.9 million and non-cash adjustments for depreciation of RM0.2 million, amortisation of borrowing transaction cost of RM0.6 million, Manager's management fee payable in units amounting to RM2.7 million and present value adjustment on deferred acquisition payments of RM4.5 million.

Year to Date Results

Total revenue for year-to-date 30 September 2024 was RM627.1 million. It was higher by RM111.5 million or 22% as compared to preceding year-to-date 30 September 2023's performance. The increase was mainly contributed by income from the new property, Pavilion Bukit Jalil that was acquired on the 1 June 2023 and higher rental income from Pavilion Kuala Lumpur Mall.

Total property operating expenses incurred was higher by RM48.0 million or 25% as compared to year-to-date 30 September 2023. This was mainly due to operating expenses incurred for the new property, replacement of obsolete or aging parts/upkeeps in properties, upgrading of landlord provisions for retail lots as well as lift lobby and toilet refurbishment at Pavilion Tower. Higher utilities cost was also incurred due to additional consumption as a result of the hot weather and subscription of green electricity tariff from Tenaga Nasional Berhad.

These have resulted in higher net property income of RM63.4 million or 20% for year-to-date 30 September 2024 as compared to preceding year-to-date 30 September 2023.

Higher manager's management fee by RM5.2 million was in line with the increased in total asset value and net property income. Borrowing cost increased by RM35.8 million due to drawdown of additional borrowings for acquisition of investment property. RM13.1 million was also recognised in borrowing cost as present value adjustment to deferred acquisition payments.

These resulted in income before taxation being higher by RM25.7 million or 13% as compared to preceding year-to-date 30 September 2023.

Distributable income for year-to-date 30 September 2024 was RM252.7 million or 6.91 sen per unit, consisting of income after tax of RM229.2 million and non-cash adjustments for depreciation of RM0.6 million, amortisation of borrowings transaction cost of RM1.9 million and Manager's management fee payable in units amounting to RM7.9 million and present value adjustment on deferred acquisition payments of RM13.1 million.

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B2 Material Changes in Quarterly Results

	Quarter Ended 30 Sep 2024 (unaudited) RM'000	Quarter Ended 30 Jun 2024 (unaudited) RM'000	Change %
Gross revenue	207,259	201,297	3.0
Property operating expenses	(75,403)	(81,263)	7.2
Net property income	<u>131,856</u>	<u>120,034</u>	9.8
Interest income	<u>3,911</u>	<u>3,434</u>	13.9
Net investment income	<u>135,767</u>	<u>123,468</u>	10.0
Total trust expenses	(11,103)	(10,986)	(1.1)
Borrowing cost	<u>(45,723)</u>	<u>(45,366)</u>	(0.8)
Income before taxation	<u><u>78,941</u></u>	<u><u>67,116</u></u>	<u><u>17.6</u></u>

The income before taxation for the current quarter under review was higher by RM11.8 million as compared to the last immediate quarter mainly due to higher revenue rent and higher advertising income after re-commission of the upgraded LED screen at Elite Pavilion Mall as well as reversal of doubtful debts provision in current quarter under review.

B3 Prospects

The majority of members of the Malaysia Retailers Association and Malaysia Retail Chain Association are optimistic about sales for the remaining of the year and maintain that the annual retail sales will grow by 3.6%.

Following stronger than expected economic performance in the 2nd quarter of 2024, most economists have revised upward their forecast for Malaysia's gross domestic product growth in 2024 to 5.0%, driven by robust domestic spending and investment activities. Besides cost management, Pavilion REIT malls will continue to elevate retail mix and marketing initiatives to attract shoppers and their spendings.

B4 Investment Objectives

The Manager's key objective is to provide unitholders with regular and stable distributions and achieve long term growth in net asset value per unit, while maintaining an appropriate capital structure.

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B5 Strategies and Policies

The Manager's strategies and policies as reported in its latest integrated annual report remain unchanged, ie to increase the income and consequently, the value of its investment properties and continue Pavilion REIT's growth through the following strategies:-

- a) proactively managing its investment properties and implementing asset enhancement strategies;
- b) actively pursuing acquisition opportunities in accordance with the authorised investments of Pavilion REIT stated in the Trust Deed; and
- c) pursuing an efficient capital management strategy.

whilst balancing other stakeholder needs with commitment to sustainability and community engagement.

B6 Income Distribution

Pursuant to Section 61A of the Income Tax Act 1967, the withholding tax rate applicable on the recipients of income distribution is as follows :-

Resident Unitholder

- a) Resident company: Tax flow through, thus no withholding tax
- b) Unitholder other than resident company: Withholding tax at 10%

Non-Resident Unitholder

- a) Non-resident company: Withholding tax at 24%
- b) Non-resident institutional investor: Withholding tax at 10%
- c) Non-resident, other than company and institutional investors: Withholding tax at 10%

As per the distribution policy stated in the Trust Deed, the Manager intends to distribute at least 90% of Pavilion REIT distributable income on a half yearly basis. For the financial year ending 31 December 2024, Pavilion REIT proposes to distribute 100% of its distributable income.

Distribution of 4.53 sen per unit or RM165.6 million earned for 1st half of 2024 was distributed on 21 August 2024. Distribution for the quarter ended 30 September 2024 would be payable together with the distribution for the quarter ending 31 December 2024.

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Statement of Income Distribution

	Current Quarter 30 September		Year to Date 30 September	
	2024 (Unaudited) RM'000	2023 (Unaudited) RM'000	2024 (Unaudited) RM'000	2023 (Unaudited) RM'000
Rental income	187,245	179,470	571,862	468,839
Revenue from contract customers	11,233	12,467	30,243	30,890
Interest income	3,911	3,017	11,269	8,209
Other income	8,781	7,275	24,971	15,860
	<u>211,170</u>	<u>202,229</u>	<u>638,345</u>	<u>523,798</u>
Less: Expenses	<u>(132,229)</u>	<u>(131,644)</u>	<u>(409,121)</u>	<u>(320,269)</u>
Total comprehensive income for the period/year	78,941	70,585	229,224	203,529
Distribution adjustment	<u>8,018</u>	<u>7,727</u>	<u>23,501</u>	<u>14,181</u>
Distributable income for the period/year	86,959	78,312	252,725	217,710
Previous period/year's undistributed realised income	<u>747</u>	<u>639</u>	<u>636</u>	<u>617</u>
Total realised income available for distribution	87,706	78,951	253,361	218,327
Less: Proposed/declared income distribution	<u>(87,124)</u>	<u>(78,526)</u>	<u>(252,779)</u>	<u>(217,902)</u>
Balance undistributed realised income	<u>582</u>	<u>425</u>	<u>582</u>	<u>425</u>
Distribution per unit (sen)	2.38	2.15	6.91	6.56

B7 Portfolio Composition

As at 30 September 2024, the properties under Pavilion REIT's portfolio comprises Pavilion Kuala Lumpur Mall, Pavilion Tower, DA MEN Mall, Intermark Mall, Elite Pavilion Mall and Pavilion Bukit Jalil.

B8 Taxation

Pursuant to Section 61A of the Malaysian Income Tax Act, 1967 ("Act"), income of Pavilion REIT will be exempted from tax provided that at least 90% of its total income (as defined in the Act) is distributed to the investors in the basis period of Pavilion REIT for that year of assessment within two months after the close of the financial year. If the 90% distribution condition is not complied with or the 90% distribution is not made within two months after the close of Pavilion REIT financial year which forms the basis period for a year of assessment, Pavilion REIT will be subject to income tax at the prevailing tax rate on its total income. Income which has been taxed at the Pavilion REIT level will have tax credits attached when subsequently distributed to unitholders.

As Pavilion REIT proposes to declare 100% of its distributable income to its unitholders for the financial year ending 31 December 2024, no provision for taxation has been made for the current quarter.

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B9 Status of Corporate Proposal

Corporate proposal announced but not completed as at the latest practicable date from the issuance of this report is as follows:-

On 22 November 2022, the Board of Directors of Pavilion REIT Management Sdn Bhd (“Board”), the management company of Pavilion REIT (“Manager”), CIMB Investment Bank Berhad (“CIMB”) and Maybank Investment Bank Berhad (“Maybank IB”) announced that MTrustee Berhad, acting as the trustee for and on behalf of Pavilion REIT, had on 22 November 2022 entered into a conditional sale and purchase agreement (“SPA”) with Regal Path Sdn Bhd for the acquisition of Pavilion Bukit Jalil (“PBJ Mall”) together with the related assets and rights for an aggregate purchase consideration of RM2,200 million (“Proposed Acquisition”).

In conjunction with the Proposed Acquisition, the Board also proposes to undertake proposed placements of new units in Pavilion REIT (“Units”) to raise gross proceeds of up to RM1,270 million at an issue price to be determined later by way of bookbuilding (“Proposed Placements”) to partly fund the Proposed Acquisition and also defray the expenses relating to the Proposals.

The Proposed Acquisition and Proposed Placements were approved by the unitholders of Pavilion REIT at the Unitholders' Meeting held on 22 March 2023.

All the conditions precedent as set out in the SPA have been fulfilled. Accordingly, the SPA has become unconditional as at 15 May 2023.

Tranche 1 placement has been completed following the listing of and quotation for 590,163,900 placement units on the Main Market of Bursa Securities on 1 June 2023. Based on the placement issue price of RM1.22 per placement unit, the gross proceeds raised from the Tranche 1 placement were approximately RM720 million.

As requirements has been met, payment for strata title of RM100 million has been made together with RM44 million as defects rectification settlement to Regal Path Sdn Bhd.

B10 Utilisation of Proceeds Raised from Issuance of New Units

There was no issuance of new units for the current quarter or year to date.

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B11 Borrowings and Debt Securities

As at 30 September 2024	Total
	RM'000
Secured Revolving Term Loans	693,267
Unrated Medium Term Notes	2,705,000
Unamortised Borrowings Transaction Costs	(6,053)
Borrowings	3,392,214
Deferred Payment for Acquisition	388,136
Total Debt	3,780,350
Gearing	37.9%
Gearing on Total Debt	42.3%
Average interest cost	4.8%
Composition of borrowings:	
Fixed Rate	12.5%
Floating Rate	87.5%

B12 Off Balance Sheet Financial Instruments

Pavilion REIT does not have any financial instruments with off balance sheet risk as at the latest practicable date from the issuance of this report.

B13 Material Litigation

There is no pending material litigation as at the latest practicable date from the date of issuance of this report.

B14 Soft Commission Received

There was no soft commission received by the Manager and/or its delegates during the period under review.

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B15 Summary of DPU, EPU, NAV and Market Price

	Current quarter ended 30 September 2024	Immediate preceding quarter ended 30 June 2024
Number of units in issue (units)	3,660,689,013	3,656,848,312
Net Asset Value (“NAV”) (RM’000)	4,837,770	4,919,207
NAV per unit (RM)	1.3215	1.3452
Total comprehensive income (RM’000)	78,941	67,116
Weighted average number of units in issue – year to date (units)	3,656,906,562	3,655,733,150
Earnings per Unit after Manager’s management fee (sen)	2.16	1.83
Proposes / Declared Distribution per Unit (“DPU”) (sen) - Proposed	2.38	2.05
Market Price (RM)	1.44	1.39
Distribution Yield (%) ⁴	6.41	6.55

⁴Distribution yield of year-to-date DPU divided by the Market Price (as at the end of the period) has been annualised.

B16 Manager’s Management Fee

The Manager’s fee for the current quarter and year to date is as follows:-

Type RM’000	Current Quarter 30 September 2024	Year to Date 30 September 2024	Basis
Base Fee	6,650	20,077	0.3% per annum on total asset value
Performance Fee	3,956	11,638	3.0% per annum on net property income
Total	10,606	31,715	

25% of the base fee and performance fee would be payable in units.

B17 Trustee’s Fees

In accordance to the Trust Deed, an annual trusteeship fee of up to 0.05% per annum of NAV is to be paid to the Trustee.

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B18 Responsibility Statement

In the opinion of the Directors of the Manager, this quarterly financial report has been prepared in accordance with MFRS 134: *Interim Financial Reporting* in Malaysia and with IAS 34, *Interim Financial Reporting*, and Paragraph 9.44 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad so as to give a true and fair view of the financial position of Pavilion REIT as at 30 September 2024 and of its financial performance and cash flows for the period ended on that date and duly authorised for release by the Board of the Manager.

BY ORDER OF THE BOARD

Pavilion REIT Management Sdn Bhd (939490-H)
(as the Manager of Pavilion Real Estate Investment Trust)

Lim Mei Yoong
Company Secretary (Licensed Secretary Number: LS0002201)

Kuala Lumpur
24 October 2024